


Central Bancshares, Inc.

CONNECTING WITH
OUR
COMMUNITIES.



2016
FIRST QUARTER
REPORT



Central Bank & Trust Co.
Central Bank of Jefferson County
Central Insurance Services
Central Investment Center, Inc.

HELPING TO KEEP OUR COMMUNITIES STRONG.

SANDERS-BROWN CENTER ON AGING



The Sanders-Brown Center on Aging has made it their mission to improve the health of the elderly in Kentucky and beyond. They have done this through research dedicated to understanding the aging process and age-related brain diseases, and education, outreach and clinical programs that promote healthy brain aging. Central Bank is a sponsor of the Sanders-Brown Center on Aging Annual Dinner.

MISSION STATEMENT

The mission of Central Bancshares is to become Kentucky's leading, high-performing, community banking company by empowering our staff to deliver consistently superior service and value to our customers, shareholders and communities. We will be successful because Central Bankers are our greatest resource and our most sustainable advantage.

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For additional copies or
INFORMATION

MARKETING
CENTRAL BANK
300 West Vine Street
Lexington, KY 40507

FINANCIAL HIGHLIGHTS

For three months ended March 31

	2016	2015	2014	2013	2012
RESULTS OF OPERATIONS:					
Net income	\$ 4,798,133	\$ 4,461,946	\$ 3,167,389	\$ 3,077,738	\$ 3,210,765
Net income per share	13.79	12.82	9.10	8.85	9.23
Cash dividends per share	0.00	0.00	0.00	0.00	0.00
Book value per share at quarter end	650.70	603.49	563.60	526.60	489.66
AT MARCH 31:					
Assets	\$2,198,589,426	\$2,136,759,954	\$2,111,065,113	\$2,111,204,277	\$2,131,532,379
Earning assets	2,092,404,366	2,022,149,616	1,976,689,453	1,982,736,880	1,984,825,537
Net loans	1,659,512,134	1,601,744,966	1,599,105,435	1,549,293,031	1,628,566,777
Deposits	1,819,033,158	1,802,625,810	1,795,252,403	1,794,226,708	1,845,927,255
Shareholders' equity	226,391,649	209,966,967	196,088,556	183,217,184	170,364,594
PERFORMANCE RATIOS:					
Return on average assets	0.89%	0.85%	0.62%	0.60%	0.61%
Return on average shareholders' equity	8.59%	8.63%	6.58%	6.82%	7.61%
Average tangible equity to average assets	9.74%	9.17%	8.78%	8.06%	7.31%
Net charge-offs to average loans	0.01%	0.00%	0.12%	0.06%	0.07%
Allowance for loan losses as a percentage of quarter end loans	1.28%	1.42%	1.46%	1.77%	1.84%
Net interest margin (tax equivalent)	3.73%	3.75%	3.81%	3.60%	3.88%

*All periods prior to 2013 include the balances and results of Salt Lick Deposit Bank which was sold effective January 1, 2013.

CONSOLIDATED BALANCE SHEETS

	March 31 2016	March 31 2015
ASSETS		
Cash and due from banks	\$ 38,417,917	\$ 40,378,972
Federal funds sold	151,500,000	193,900,000
Total cash and cash equivalents	<u>189,917,917</u>	<u>234,278,972</u>
Securities	254,291,664	197,813,161
Loans, net of unearned income	1,681,088,009	1,624,757,923
Allowance for loan losses	<u>(21,575,875)</u>	<u>(23,012,957)</u>
Loans, net	1,659,512,134	1,601,744,966
Premises and equipment, net	36,187,223	37,261,171
Federal Home Loan Bank stock	6,751,100	6,751,100
Intangible assets	14,333,393	14,573,211
Prepaid expenses and other assets	37,595,995	44,337,373
Total assets	\$ 2,198,589,426	\$ 2,136,759,954
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 539,277,792	\$ 500,005,395
Interest bearing	1,279,755,366	1,302,620,415
Total deposits	<u>1,819,033,158</u>	<u>1,802,625,810</u>
Customer sweep accounts	106,027,971	83,563,107
Federal funds purchased	500,000	500,000
Federal Home Loan Bank advances	708,958	2,781,439
Long term debt payable	15,000,000	19,600,000
Other liabilities	30,927,690	17,722,631
Total liabilities	<u>1,972,197,777</u>	<u>1,926,792,987</u>
SHAREHOLDERS' EQUITY		
Common stock, par value, \$10 a share; 350,000 shares authorized, 347,922 shares outstanding	3,479,220	3,479,220
Additional paid-in capital	6,890,468	6,890,468
Retained earnings	222,393,765	205,615,438
Accumulated other comprehensive income (loss)	<u>(6,371,804)</u>	<u>(6,018,159)</u>
Total shareholders' equity	226,391,649	209,966,967
Total liabilities and shareholders' equity	\$ 2,198,589,426	\$ 2,136,759,954

CONSOLIDATED STATEMENTS OF INCOME

	For three months ended	
	March 31 2016	March 31 2015
INTEREST INCOME		
Interest and fees on loans	\$ 19,127,627	\$ 18,853,788
Interest on securities	911,861	657,317
Interest on short term investments	<u>178,587</u>	<u>84,254</u>
	20,218,075	19,595,359
INTEREST EXPENSE		
Interest on deposits	1,104,140	1,304,615
Interest on borrowed funds	<u>262,020</u>	<u>368,710</u>
	1,366,160	1,673,325
Net interest income	18,851,915	17,922,034
Provision for loan losses	-	-
Net interest income after provision for loan losses	<u>18,851,915</u>	<u>17,922,034</u>
OTHER INCOME		
Service charges on deposit accounts	1,862,604	1,979,651
Service charges on loans	2,885,869	2,401,095
Wealth management income	3,337,659	3,237,131
Other income	<u>1,472,231</u>	<u>604,201</u>
	9,558,363	8,222,078
OTHER EXPENSES		
Salaries	9,074,373	8,388,026
Benefits	2,051,275	1,909,141
Occupancy	4,486,034	4,296,499
Other non-interest expenses	<u>6,666,514</u>	<u>6,267,873</u>
	22,278,196	20,861,539
Income before provision for income taxes	6,132,082	5,282,573
Provision for income taxes	<u>1,333,949</u>	<u>820,627</u>
Net income	\$ 4,798,133	\$ 4,461,946
Basic earnings per share	\$ 13.79	\$ 12.82

BOARDS OF DIRECTORS



Luther Deaton, Jr.
Chairman, President & CEO

Central Bancshares, Inc. and Central Bank & Trust Co. Board of Directors

Luther Deaton, Jr.
Chairman, President & CEO, Central Bancshares, Inc. and Central Bank & Trust Co.

Joan D. Kincaid
Vice Chairman of the Board, Central Bancshares, Inc. and Central Bank & Trust Co.

Michael D. Foley
Partner
Ray, Foley, Hensley & Company, PLLC Certified Public Accountants

Wilbert W. James, Jr.
President, Toyota Motor Manufacturing, Kentucky, Inc.

Wayne M. Martin
VP of Development, Retail Division, Booth Energy

Nick Nicholson
Retired, Keeneland Association, Inc.

G. Michael Ritchie
Executive Vice President, Quantum Spatial, Inc.

Paul E. Sullivan
Partner, Frost Brown Todd, LLC

Central Bank, Georgetown Advisory Board of Directors

Dallas Blankenship
Retired Superintendent Scott County Board of Education

Mason "Butch" Glass
Community Volunteer

William C. Haugh
CEO, Georgetown Community Hospital

George H. Lusby
Scott County Judge Executive

Kimberly E. Marshall
Market President

Randy Mason
Owner-Operator, McDonald's

W. Thomas Prather
Chairman, Central Bank, Georgetown & Mayor - City of Georgetown

Central Bank, Lexington Advisory Board of Directors

Rick Avare
MAP Entities

Jeremy Bates
General Manager, Bates Security

Bill Brewer
Trustee, Poole Enterprises

Jed Bullard
Owner, E.D. Bullard Company

Kiki Courtelis
President, J & C Kentucky, Inc.

Michael Cox
President, Denham-Blythe Co., Inc.

Dr. John Hobbs
Central Internal Medicine

Glenn Hoskins
Attorney, Webb, Hoskins, Brown & Thompson, PSC

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President, Intech Contracting, LLC

Tom Jones
President, Taper Roller Bearings, Inc.

Dr. Michael Karpf
Executive Vice President for Health Affairs/UK HealthCare

Mike Kerwin
President, Mike Kerwin Homes

Craig King
President, R.J. Corman Company

Debbie Long
Owner, Dudley's on Short

Mark Nabity
President, Grayhawk, LLC

Ralph Pawsat
President, Wald, LLC

Dr. William Rood
Rood & Riddle Equine Hospital

Nick Rowe
President, Kentucky American Water Co.

Charlie Scroggin
Senior Vice President, HDR Quest Engineers, Inc.

Bill Thomason
President, Keeneland Association, Inc.

Dr. Russell Travis
Travis Neurosurgical Consulting

Randy Walker
President, Randy Walker Electrical Contractors, Inc.

Greg White, DDS
White, Greer and Maggard Orthodontists

Brian Wood
Founder & CEO, BC Wood Properties, Inc.

BOARDS OF DIRECTORS

Central Bank, Madison County Advisory Board of Directors

Dianna Ackerman
Broker/Owner, ERA Professional Hometown Services

Frankie C. Blevins, Jr.
Attorney, Blevins Law, LLC

Robert R. Blythe
EKU Professor
Pastor, First Baptist Church

James R. Carr
Builder and Developer

Shannon Combs
Partner, Combs, Parsons and Collins Funeral Home

Jeff Fultz
Market President

James Ernest Hillard
Owner, Middletown Industrial

Mike Rice
Owner, Cars of Kentucky, Inc.

Rita H. Smart
Owner, The Bennett House

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Vice Chairman of the Board, Central Bancshares, Inc.

Sandra J. Adams
Owner, Zaxby's

Michael D. Foley
Partner
Ray, Foley, Hensley & Company, PLLC Certified Public Accountants

Ben A. Rainwater
Tutt Construction

Paul E. Sullivan
Partner, Frost Brown Todd, LLC

Benjamin G. Taylor
Taylor Made Farm & Sales Agency, Inc.

Alan S. VanArsdall
Market President

Central Bank, No. Kentucky Advisory Board of Directors

Mark Ayer
Managing Member
Reading Investments, LLC

Tonya Burns-Gerakos
Tonya Burns Law

Chris Carle
Senior Vice President & COO, St. Elizabeth Healthcare, Florence

Helen Carroll
Retired

Joseph A. Creevy, M.D.
Retired Urologist

Merwin Grayson, Jr.
Chairman

David Heidrich
CEO, Zalla Companies

Kim Patton
COO, SFA/PDT Architects

Doug Ridenour
President, Federal Equipment

Greg Schrand
President, GSE, Inc.

Gregory Shumate
Member, Frost Brown Todd, LLC

James Uebel
Market President

John Yeager
Owner, Ashley Development

Central Bank, Winchester Advisory Board of Directors

James Allen
Former Clark County Judge-Executive

Gerald F. (Kelly) Healy III
Director of Operations
McDonald's

Glenn Leveridge
Market President

Rex McCrary, D.M.D.
Dentist

Jeff Monohan
Assistant Vice President
The Allen Company

Ralph J. Palmer
President, Palmer Engineering Co.

Patricia M. Smith
President, MD Consulting, Inc.

Robert Strode
Retired

Mary Jane Warner
Manager of Power Delivery, East Kentucky Power Cooperative, Inc.

Central Bank of Jefferson County Board of Directors

Jonathan S. Blue
Chairman, Blue Equity, LLC

Ronald L. Carmicle
Chairman, Central Bank of Jefferson County, Partner, McCall Group

Marcia Cassady
Director, Capital Link Consultants

Luther Deaton, Jr.
CEO, Central Bank of Jefferson County

Michael D. Foley
Partner
Ray, Foley, Hensley & Company, PLLC Certified Public Accountants

William P. Malone
Retired, Deming, Malone, Livesay & Ostroff

William E. Summers, IV
Retired, Deputy Mayor, Louisville Metro Government

Jude Thompson
Owner & CEO, Transform Business Solutions, LLC

Mark Wheeler
Market President

OFFICERS

Central Bancshares, Inc.	Danny C. Noland <i>Vice President</i>	Loan Review	David Ross <i>Vice President</i>	Jeff Murphy <i>Vice President</i>	Amy Manning <i>Senior Vice President</i>
Luther Deaton, Jr. <i>Chairman, President & CEO</i>	COMMERCIAL BANKING	Marie A. Young <i>Vice President</i>	Jake Schirmer <i>Vice President</i>	Central Bank Mortgage	Shelia Plymale <i>Senior Vice President</i>
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Susan L. Simmons <i>Vice President</i>	Corporate Services	D. Keith Preston <i>Vice President</i>	Stephen J. Mallory <i>Assistant Vice President</i>	Susan Bradley <i>Vice President</i>	
Ranee Leland <i>Vice President & Corporate Secretary</i>	Karen Rowland, CTP <i>Senior Vice President</i>	Leigh M. Carr <i>Assistant Vice President</i>	Consumer Lending	Tom Breathitt <i>Vice President</i>	TECHNOLOGY SERVICES
C. Gregory Stacy <i>Treasurer</i>	Tracy Reid, CTP <i>Vice President</i>	LeeAnn Layne <i>Assistant Vice President</i>	Jerry F. Smalley <i>Vice President</i>	Brad Fields <i>Vice President</i>	Julie Bondra <i>Executive Vice President</i>
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Luther Deaton, Jr. <i>Chairman, President & CEO</i>	Allison Carter <i>Assistant Vice President</i>	Special Assets	Megan Barlow <i>Vice President</i>	Lorraine Kinley <i>Vice President</i>	E. Sean Proffitt <i>Vice President</i>
Ranee Leland <i>Vice President & Corporate Secretary</i>	Matt Ratliff <i>Assistant Vice President</i>	Ellen Sharp <i>Vice President</i>	Paul B. Drake <i>Vice President</i>	Vina Risner <i>Vice President</i>	David Hake <i>Information Security Officer</i>
Auditing	Credit Administration	Steve Hall <i>Vice President</i>	Jordan Owens <i>Assistant Vice President</i>	Brian W. West <i>Vice President</i>	Jason Hollis <i>Infrastructure Officer</i>
Craig L. Daniels, CPA <i>Executive Vice President</i>	Jason A. Smith <i>Vice President</i>	Julie Szymanski <i>Vice President</i>	Jarred W. Paull <i>Commercial Mortgage Officer</i>	Lisa Hart <i>Assistant Vice President</i>	RETAIL BANKING
Lisa S. Grant, CRCM <i>Vice President & Compliance Officer</i>	Samuel Collins <i>Assistant Vice President</i>	Becky Mullins <i>Special Assets Officer</i>	Small Business	Alicia Esenbock <i>Secondary Mortgage Underwriter</i>	David L. Moore <i>Executive Vice President</i>
Donna J. Craven, CRCM <i>Vice President</i>	Chris Conkright <i>Credit Analyst Officer</i>	Commercial Lending	Ernest W. Dolihite <i>Senior Vice President</i>	Richard D. Hartley <i>Vice President</i>	Michael Gartner <i>Senior Vice President</i>
	Adam Rodgers <i>Credit Analyst Officer</i>	Mark Kaufmann <i>Senior Vice President</i>	Richard D. Hartley <i>Vice President</i>	HUMAN RESOURCES	Chris McGaughey <i>CRA Community Development Officer</i>
	Mark R. Fox <i>Vice President</i>	Terri A. Stein <i>Vice President</i>	Susan Simmons <i>Executive Vice President</i>		

OFFICERS

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Karen Burton <i>Assistant Vice President</i>	Edward Barnes <i>Executive Vice President & Chief Financial Officer</i>	Operations	Jeff D. Jacob <i>Senior Vice President & Security, BSA & AML Officer</i>	Anna Hovekamp <i>Assistant Vice President</i>	Ross Barnette <i>President</i>
Gina Ensminger <i>Assistant Vice President</i>	Robin Oliver <i>Senior Vice President</i>	Laura Schweitzer <i>Executive Vice President</i>	Angela D. Campbell <i>Operations Officer</i>	Carolyn Bishop <i>Trust Officer</i>	Tom Francis <i>Vice President</i>
Angela M. Friesz <i>Assistant Vice President</i>	Lisa A. Williamson <i>Assistant Vice President</i>	Karen G. Crawley <i>Senior Vice President</i>	WEALTH MANAGEMENT	Investment Management	Rob Wessel <i>Vice President</i>
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Laura M. Owens <i>Retail Banking Officer</i>	MARKETING	Shawn Presnell <i>Vice President</i>	Timothy R. Austin <i>Assistant Vice President</i>	Sheila C. Parks <i>Vice President</i>	Leslie Fannin <i>Vice President</i>
Ashley N. Rodgers <i>Retail Banking Officer</i>	Stephen C. Kelly <i>Executive Vice President</i>	Gayle Dockery <i>Assistant Vice President</i>	Operations	Alicia Jordan <i>Vice President</i>	Jeff Fields, CRPS® <i>Vice President & Financial Advisor</i>
Alexandra E. Terry <i>Retail Banking Officer</i>	Lesley K. Catron <i>Marketing Officer</i>	Deposit Services	Personal Trust	Mark Ruddell <i>Vice President</i>	Tony Brown <i>Financial Advisor</i>
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Cathy K. Combs <i>Senior Vice President</i>	Doug Flynn <i>Correspondent Banking Officer</i>	Doug Flynn <i>Correspondent Banking Officer</i>	Elizabeth Johns <i>Vice President</i>		Ballard "Cash" Cassidy <i>Financial Advisor</i>
Diane Williams <i>Client Services Officer</i>					

OFFICERS

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Patricia Voigt <i>Vice President</i>	Brandy Osborne <i>Commercial Lending Officer</i>	Jeffrey Wagner <i>Vice President</i>	Luther Deaton, Jr. <i>CEO</i>	Private Banking
Jennifer Baldwin <i>Assistant Vice President</i>	Mortgage Lending	Diana Webster <i>Vice President</i>	Mark Wheeler <i>Market President</i>	Robert Slider <i>Senior Vice President</i>
Mortgage Lending	Marcus P. Hanks <i>Vice President</i>	Private Banking	Jeff D. Jacob <i>Senior Vice President & Security, BSA & AML Officer</i>	Mary Littrell <i>Vice President</i>
Ashley Weir <i>Vice President</i>	Monna Treadway <i>Assistant Vice President</i>	John Finley <i>Senior Vice President</i>	Lisa S. Grant, CRCM <i>Vice President & Compliance Officer</i>	Jim Morris <i>Vice President</i>
Central Bank, Madison County	Central Bank, Northern Kentucky	Karen Hartig <i>Vice President</i>	Commercial Banking	Wealth Management
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Cameron Abney <i>Senior Vice President & Senior Market Lender</i>	Brett Blackwell <i>Senior Vice President & Senior Market Lender</i>	Central Bank, Winchester	Glenn Leveridge <i>Market President</i>	
		Central Bank, Winchester	Amy Sullivan <i>Senior Vice President</i>	
		Glenn Leveridge <i>Market President</i>	Joan Strafer <i>Vice President</i>	



centralbank.com
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